



FISCAL MEMORANDUM

HB 40 - SB 122

February 27, 2023

SUMMARY OF BILL AS AMENDED (004608): Prohibits sanctioned nonresidential aliens, sanctioned foreign businesses, sanctioned foreign governments, or their agents, trustees, or fiduciaries, from acquiring real property in Tennessee if their respective country is on the office of foreign assets control of the U.S. Department of the Treasury's sanctions programs and country information list. Requires all of the prohibited parties to divest all rights, titles, and interests in property acquired by devise or descent within two years. Requires any sanctioned nonresident alien, sanctioned foreign business, sanctioned foreign government, or their agent, trustee, or fiduciary, to register their property with the Secretary of State (SOS) within 60 days after July 1, 2023 or within 60 days after acquiring the real property or the interest in real property. Requires the SOS to report to the Attorney General and Reporter (AG) if it finds any party in violation of this requirement. Requires the AG to initiate action in the circuit court for the county in which the real property is located. Exempts from liability any attorney licensed in this state or title insurance company and agent licensed in this state in the performance of the transfer of real property.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Expenditures – \$80,000/FY23-24
\$2,000/FY24-25 and Subsequent Years**

Assumptions for the bill as amended:

- The proposed prohibition does not apply to nonresidential aliens, foreign businesses, foreign governments, or their agents, trustees, or fiduciaries for real property held within the state if it is held prior to July 1, 2023.
- Any party that is found in violation of timely registration of real property under the proposed legislation will be fined up to \$2,000 per violation to be assessed by the SOS. However, any increase in revenue as a result of this fine is assumed to be not significant.
- In order to accomplish the provisions of the proposed legislation, the SOS will need to build a reporting system for real property transactions. Based on similar projects, it is estimated that this system will require a one-time expenditure of \$80,000 in FY23-24, and an annual expenditure of \$2,000 for software maintenance beginning in FY24-25.
- The SOS will be able to handle investigatory functions required under the proposed legislation utilizing existing staff.

- Any increase in caseload to the AG that results from a violation of the proposed legislation can be handled within existing resources and personnel, without a significant increase in state expenditures. Any impact on the court system will be not significant.

IMPACT TO COMMERCE OF BILL AS AMENDED:

**Increase Business Revenue – \$80,000/FY23-24
\$2,000/FY24-25 and Subsequent Years**

Assumptions for the bill as amended:

- The SOS will be required to utilize an outside vendor in order to produce and maintain a reporting system to accomplish the proposed legislation.
- Therefore, business revenue will increase by \$80,000 in FY23-24, and \$2,000 in FY24-25 and subsequent years.
- It is assumed that the proposed legislation will not have other significant impacts on commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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